

ALFRED STILES, 200-208
7/98

LI721 HOUSE TANSPORTION

The same can be said of captive finance companies, banks, and credit unions. Numerous large banks and credit unions compete on a regional or nationwide basis as indirect lenders. The number of captive finance companies is far smaller, but a recent sample of AutoCount market share figures indicates that no individual captive generally accounts for more than about 12-13% of a given geographic market, that the market shares of other finance sources drop off sharply, and that the total number of lenders in a state is in the thousands.²¹ Because of the large number of players, both auto dealers and finance companies, that interact and compete with each other and set their prices independently, competitive pressure allows little opportunity for any player or group of players to achieve pricing power, to form cartels, to collude, or to exclude competitors.

Threat of potential competition

The auto financing industry is continually subject to the threat of new entrants and the threat of substitute products. Auto dealers face constant competition from other dealers in their markets, and financing is one of the factors on which dealers compete. One dealer may put together a better assortment of finance sources than another does, and may be more skillful in picking out the financing package best suited to a particular consumer. In offering a given financing package to a consumer, a dealer is always aware of potential competition from different kinds of financial institutions such as banks and credit unions from different geographic areas as well as Internet lenders. Large banks, many large credit unions, and Internet lenders have no geographic boundaries. Commercial banks offer not only traditional secured auto loans but also auto financing through home equity loans, which has grown in popularity in recent years.

Barriers to entry

There are no significant barriers to entry for either auto dealers that extend credit through their finance departments or financial institutions that buy the credit contracts. Although auto manufacturers assign non-exclusive territories to dealers through franchises and some of those franchises are long established, there still are opportunities for someone who wants to enter the dealership business. There are no restrictions on entry of dealers into the used car business. Similarly, even though it is consolidating, banking remains a crowded business, and new community banks are opening continually to challenge the allegedly less personal service of large regional and nationwide banks. There are no significant barriers to prevent the establishment of a new credit union or Internet loan provider, or to prevent any bank from competing in the financing business in any geographic region. As already mentioned, Internet providers and many large credit unions operate nationwide without any geographic barriers. A 1998 change in law helped the growth of credit unions by expanding the definition of "community," thereby liberalizing credit unions' criteria for accepting new members.

²¹ In Florida during the month of May 2004, for example, 118,117 auto loans were made by 3,624 lenders. The top 200 lenders made 101,878 loans, accounting for 86.3% of the volume. Within the top 200, the market share of 20 captives was 33.9%, 53 banks 26.3%, and 51 credit unions 16.6%. The top six lenders were SunTrust with 6,754 loans (5.72% market share), GMAC with 6,739 loans (5.71%), DaimlerChrysler Financial Services with 4,723 loans (4.00%), American Honda Finance with 4,645 loans (3.93%), Nissan Infiniti Financial Services with 2,911 loans (2.46%), and Bank of America with 2,590 loans (2.19%).

Refinancing option

The existing system of vehicle financing offers one additional feature that virtually no other market has and that contributes mightily to the system's level of competitiveness. This feature is the penalty-free refinance option. Even after entering into a financing agreement and starting to make payments, a consumer can refinance with no pre-payment fee. Very few products carry such a liberal return policy or one that lasts throughout the entirety of the buyer's ownership period.

One reason why a consumer might refinance is because interest rates have declined since the time the financing agreement was written. Credit unions promote refinancing options to members, particularly in the type of declining interest rate market that we saw during the past several years. In fact, there were hundreds of thousands of auto refinancings each year during that period. In September 2003, CNW Marketing Research, Inc., an Oregon firm that provides consumer spending data for automakers and other consumer product companies, estimated that the number of auto refinancings would climb to 565,000 by the end of 2003, up from about 468,000 in 2002 and less than 300,000 in 2001.²²

Dealers are also aware that a customer who finds better terms for reasons other than declining interest rates — such as a financing rate as originally extended that was above the going market-competitive rate — can refinance as well. Every time a refinancing occurs, any unearned finance charge is lost, thereby wasting much of the dealer finance department's efforts in extending the financing. But, if the refinancing occurs because the buyer concludes that the dealer overcharged for the credit, the dealer will lose much more. In that situation, not only will the dealer lose its profits from the deal, but the dealer's reputation and ability to retain the confidence and loyalty of the customer (and his or her family and friends) for future transactions also will be compromised if not entirely destroyed. This market reality is well known to dealers, disciplines their behavior, and drives them to charge market-competitive rates.²³

Conclusion

Auto financing fits the definition of a highly competitive marketplace. There is a huge number of competitors from various types of financing institutions and there are no barriers to prevent the entry of new competitors. No single competitor or group of competitors has pricing or exclusionary power. There is abundant, easily accessed information on alternative financing choices. Through advertising, websites, Truth in Lending disclosures, and the efforts of dealer finance people and financial institutions, the mathematics and technicalities of auto financing are explained in terms that almost every potential buyer can understand. And even after concluding a deal and beginning payments on a credit agreement, an auto buyer who finds a better opportunity is free to refinance, with no financial penalty.

²² Kim, Jane J., "Don't Overlook Auto Refinancings," *The Wall Street Journal*, September 10, 2003, pD2.

²³ It is significant in this regard that, while there exists a very real refinance market, one does not see significant amounts of advertising by lenders to refinance the auto financing extended by dealers. If there was widespread overcharging by dealers, those lenders could earn a healthy profit by refinancing the over-charged credit and would actively solicit them from consumers. The absence of such marketing efforts suggests that competitive forces are working, and that dealers are charging market-competitive rates.

C. Existing Market Information Confirms that the Auto Financing Market is Competitive

Available market information provides additional support for the conclusion that the auto financing market in the U.S. is highly competitive.

Dealer finance income is not excessive; it runs well below even the limited rate caps set by finance sources

Excessively high interest rates for consumers appear to be rare today. Captive finance companies have lowered their caps on dealer finance income in recent years. By 2003, three percentage points (or 300 basis points (bp)) had become the industry-standard cap, and some major finance sources recently lowered their caps to 250 bp.²⁴ Furthermore, market forces have resulted in dealer finance income that is generally well below these caps and even lower in the case of special- or subvented-rate financing.

The retail financing rates offered by dealers are competitive

For the reasons that follow, the retail auto financing rates offered by an auto dealer are generally comparable to, or better than, those offered directly to consumers by a credit union or a bank lender at a branch. Indirect auto financing — making auto financing available through dealers — is a huge business for large banks such as Bank of America, BB&T, JP Morgan Chase, Wachovia, and Wells Fargo. Those banks focus their marketing efforts on dealer relationships. They compete to have their offerings among the alternatives that dealer finance people consider when shopping car financing alternatives for their customers. Bank relationship managers coordinate all the services their banks can sell to dealers.

David Stevens, Senior Vice President, Wachovia Bank, says that his bank's volume of indirect auto financing through dealers is significantly higher than its volume of direct auto loans to consumers. Similarly, according to Pete Davenport, Executive Vice President, Sales & Finance Department of BB&T Corporation, his bank's auto financing portfolio is 90% indirect and 10% direct. He thinks it would be reasonable to conclude that other large banks in the indirect financing business would have a similar portfolio breakdown.

For banks that choose to be in the indirect auto financing business, dealers are a far more important channel for auto financing than the same banks' branch systems. That is partly because those banks' indirect lending channels and systems, including automated financing approval and servicing, are more efficient for auto financing than their branch systems are. While acknowledging that he cannot generalize beyond a certain point, Mr. Stevens of Wachovia believes that any bank with a dealer financial services group such as Wachovia's would originate the great majority of its automobile financing in such a group. It would be difficult for a bank to originate auto financing through a branch structure at anywhere near the same cost as that of a dealer financial services group with an operations center dedicated entirely to auto financing that

²⁴ For example, GMAC has recently announced a 250 bp dealer finance income cap on financing up to five years and 200 bp for financing longer than five years.

processes hundreds of thousands of auto finance transactions at any given time. Indeed, wholesale or "buy" rates that banks offer to dealers for indirect auto financing generally allow a dealer to add finance income of 50 to 100 bp, and often even 200 bp, and still quote a lower rate than the consumer would find for direct auto financing offered by the same bank. This is confirmed by a recent comparison of buy-rate sheets sent by indirect auto financing banks and retail auto financing rates offered by the same banks in the same geographic areas through their branches, as quoted in the *Greenbook Lender's Guide* and the *Roberts Report*.²⁵ The rates quoted in these reference books were assumed to be the best rates available for creditworthy customers and therefore were compared with the best rates on the buy-rate sheets.

Dealers could not sustain a high market share if they were not competitive

Dealers could not achieve and retain a high market share of auto financing, competing with banks, credit unions, and Internet providers, if they were not competitive. Dealers we interviewed finance 55% to 90% of the cars they sell, with most in the 60% to 70% range. A sample of data from AutoCount taken for North Carolina and Florida the month of May from 2000 to 2004 shows both the amount of competition in the auto financing business and the consistent market shares maintained by dealers. (AutoCount captures every auto financing in 42 states based on department of motor vehicle data.) In each of the months sampled, more than 2,500 different parties in North Carolina and more than 3,000 parties in Florida provided auto financing. Among the top 200 lenders for the sampled months for each state, the market share of captives' financing provided through dealers ranged from 34% to 38% for Florida and 21% to 35% for North Carolina. The market share among the top 200 lenders of commercial banks that provided more than 100 loans in the sampled months, and therefore were assumed to be providing indirect auto financing through dealers, ranged from 25% to 29% for Florida and 26% to 36% for North Carolina.

These market share figures do not take into account cars that are financed with home equity loans. For auto dealer and DMV purposes, cars financed through home equity loans are considered to be financed with cash.

Direct lenders opt to compete with auto dealers on criteria other than price

Numerous articles in credit union trade magazines on marketing auto loans indicate the challenges credit unions face in competing with auto dealers. While these challenges may stem partly from incentive financing provided by auto manufacturers and to the convenience of one-stop shopping at the dealership, they are also attributable to a significant degree to credit pricing. In fact, when promoting direct auto loans to consumers, credit unions recognize they often cannot compete based on interest rate and therefore emphasize other credit union advantages such as the total relationship benefits they provide to their members. Similarly, many credit unions recognize that they have lost their financing opportunity once the consumer is in the

²⁵ The *Greenbook Lender's Guide*, published by Reid Communications, Inc., Elgin, Illinois, is a monthly reference book that lists various auto lenders' rates and terms for a given state, arranged alphabetically by city and lender. It is sold state-by-state on a subscription basis. *The Roberts Report*, published monthly by The Roberts Report, Phoenix, Arizona, provides similar information as well as other reference information useful to auto buyers, also on a subscription basis.

dealership, and therefore offer financing as part of comprehensive auto buying services, attempting to capture the customer as early in the buying cycle as possible. Furthermore, credit unions, like banks, promote the use of tax-deductible home equity loans for auto purchases as a basis upon which to compete with auto dealer financing.

Examples of credit union marketing programs that focus on differentiators other than price include the following:

- Patelco Credit Union (San Francisco, California) works with Esurance, a direct-to-consumer personal auto insurance provider, to provide one-stop shopping for both auto insurance and auto loans.²⁶
- American Airlines Employees Federal Credit Union (Dallas, Texas), with 193,000 members, has a comprehensive member education program called CAARS that provides budgeting advice and information on car safety and reliability issues.
- Digital Federal Credit Union (Maynard, Massachusetts) has a member education program called StreetWise that covers subjects such as safety recalls, seat belt problems, and health insurance evaluations. Digital FCU's on-line services are used by 89,000 of its 168,000 members.²⁷
- Atlantic Credit Union (Newtown Square, Pennsylvania) increased its auto loans in 2001 when overall auto lending was down by placing itself earlier in the buying cycle and changing its focus from auto financing to auto buying. The credit union knew it could not compete with subvented rates and lost all hope of getting a loan once a member was in the dealership, so it restructured its marketing efforts and integrated all of its auto services into one car-buying service, including discount purchasing, pre-approved financing with credit sales or leases, extended warranty coverage, and Carfax used car reports. Regular contact with members was considered an essential element of this marketing reorientation.²⁸
- An article in *Credit Union Magazine* notes that a relatively small percentage of credit unions offer leasing or balloon auto loans, and that credit unions could increase their auto financing market share by offering those alternatives.²⁹
- Recognizing that it could not match subvented rates and realizing it would need to find creative ways to add value, Baxter Credit Union developed an "auto equity loan" that ties the car to a lien on the member's house. Arkansas Federal Credit Union uses an adjustable-rate auto loan to bring interest rates down to levels approaching those of the captives.³⁰
- An article in *Credit Union Management* argues that credit unions are at little risk of losing members to cyber-lenders if they offer their own on-line lending options. Credit unions that connect car-shopping members with auto-buying services, reference sites, and options to purchase insurance along with on-line auto loans are building member loyalty through one-stop shopping.³¹

²⁶ "Esurance is One-Stop Shop for Auto Loans, Insurance." *Best's Review*, November 2001, p133.

²⁷ Sutton, Remar, "A Mission of Member Service," *Credit Union Magazine*, July 2001, p36.

²⁸ Zenker, Gary, "Time Out!" *Credit Union Management*, December 2001, p20.

²⁹ Mink, Mary, "Leasing Could Bolster Credit Union Auto Loans." *Credit Union Magazine*, p17.

³⁰ Merrick, Bill, "Shifting Auto Loans Out of Reverse," *Credit Union Magazine*, May 1999, p48.

³¹ Bankston, Karen, "Riding the Wave," *Credit Union Management*, September 1999, 46.

- University Federal Credit Union (Austin, Texas), with 100,000 members, has a four-person, full-time staff dedicated to finding members who have financed autos elsewhere and booking "recapture" or "second chance" auto loans.³²

Indeed, recent credit union marketing strategies reveal that they are not able to compete fully with dealers. Increasingly, credit unions are not marketing against auto dealers, but rather joining them. Credit unions, particularly the largest ones, are doing a growing amount of indirect financing with auto dealers. According to figures from CUNA, in 1993, 4% of credit unions had indirect financing arrangements with dealers. By 2002, 15% of credit unions representing 42% of credit union members had indirect financing arrangements. Callahan & Associates reported in August 2003 that in the second quarter of 2003, the more than 900 credit unions participating in its "First Look" program produced a 3.98% increase in auto loans; auto loans at the 10 largest credit unions participating in that program experienced a 33.9% increase. Much of that growth was attributed to indirect financing; 9 of those top 10 engage in indirect financing. Almost half of the loans generated by those credit unions were loans arranged at dealerships.

Dealers have incentives to be competitive

Dealers have important incentives to offer competitive auto financing rates. A dealer can lose a car sale to another dealer that offers better financing terms. When the dealer does sell the car and provide financing, if it fails to provide a customer with a competitive rate, the customer is likely to realize that in short order and refinance with someone else. Furthermore, dealers that do not satisfy customers or treat them poorly are likely to be subjected to harsh criticism in web-based owners' "forums" or "chat rooms." Auto dealers place huge values on their reputations in their communities.

Dealers have other competitive attributes as well

Among the other competitive attributes of auto dealers are access to multiple financing sources, convenient hours of operation, ability to handle all of a customer's financing and insurance needs, and volume buying power. Dealers we interviewed cite relationships with from 5 to 10 or more finance sources, each of which sends rate sheets on a regular basis. Mr. Stevens of Wachovia notes that his bank's dealer customers, numbering more than 3,000, tend to have relationships with captives, two or three banks, and one or more providers with an appetite for paper that is riskier than normal. Dealers try to manage their relationships so that they do not send any finance source paper it is likely to turn down.

Auto sales and finance employees are available during evenings and weekends, when banks are closed. This is particularly appealing to people who are not able to visit a dealership during their own normal weekday working hours. Dealers have the ability, through well trained finance personnel, to handle all aspects of a transaction, including the purchase, financing, insurance, and the service contract. Finally, dealers can get improved wholesale buy rates through volume buying power with finance sources.

³² Sutton, Remar, "Give Members a Second Chance," *Credit Union Magazine*, July 2002, p29.

Conclusion

Market information on dealer finance income and dealer market share of auto financing provides further evidence that the marketplace is competitive. Dealer finance income is not excessive; it is capped at 2.5% to 3% by the major finance sources and generally runs well below that level. Wholesale or "buy" rates offered by indirect financing banks give dealers the latitude to offer auto buyers better rates, even including the dealer finance income, than they could arrange at branches of the same banks. Auto dealers' high market share of total auto financing agreements shows how competitive those dealers are, and credit unions attest that dealers are tough competition. At the same time, the significant market shares of credit unions and other direct lenders show that the consumer has choices and that the marketplace as a whole is competitive.

AMENDMENT

2

OFFERED IN THE HOUSE

BY:

TO: CSHB 383 (Draft Version "S")

Page 2, lines 23-29

Delete all material.

Insert:

"(f) In addition to the other requirements of this section, if a motor vehicle dealer arranges financing for a proposed buyer, the dealer must disclose in writing, and before the sale is finalized:

(1) whether the interest rate quoted to the proposed buyer is different than the interest rate charged to the dealer, and

(2) the interest rate quoted to the buyer may not be the lowest interest rate available."

3rd

AMENDMENT

OFFERED IN THE HOUSE

BY: *Kapsner*

TO: CSHB 383 (Draft Version "S")

Page 2, lines 23-29

Delete all material.

Insert:

"(f) In addition to the other requirements of this section, if a motor vehicle dealer arranges financing for a proposed buyer, the dealer must disclose in writing, and before the sale is finalized:

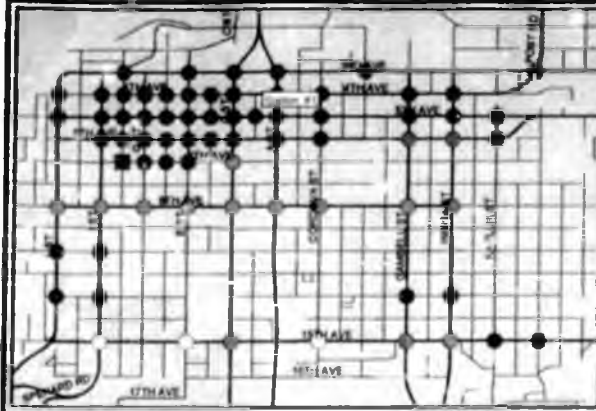
(1) whether the interest rate quoted to the proposed buyer is different than the interest rate charged to the dealer, and

(2) the interest rate quoted to the buyer may not be the lowest interest rate available."

HB

397

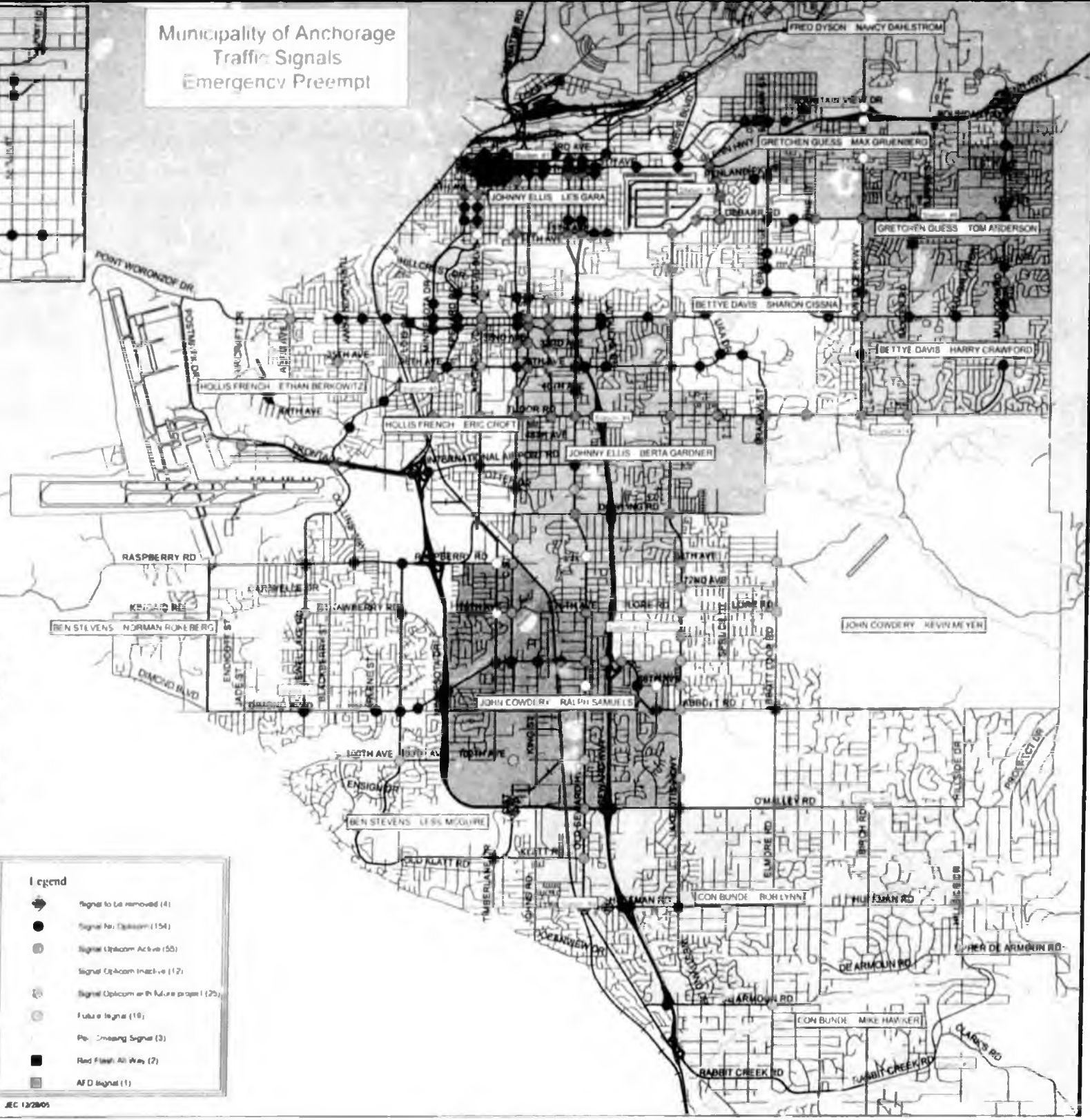
Municipality of Anchorage Traffic Signals Emergency Preempt



Legend

	Signal to be removed (4)
	Signal Not Optimum (154)
	Signal Optimum Active (50)
	Signal Optimum Inactive (12)
	Signal Optimum with Future project (20)
	Future Signal (10)
	Potential Signal (3)
	Red Flash All Way (2)
	ATD Signal (1)

JEC 12/2005



ALASKA STATE LEGISLATURE
House of Representatives

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ADMINISTRATION REGULATION REVIEW COMMITTEE, CHAIRMAN
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website: <http://www.akRepublicans.org/Anderson.htm>



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Representative Tom Anderson

email: Representative_Tom_Anderson@legis.state.ak.us

MEMORANDUM

DATE: February 1, 2006

TO: Rep. Carl Gatto, Co-Chair
Rep. Jim Elkins, Co-Chair
House Transportation Committee

FROM: Rep. Tom Anderson *T.A.*

RE: Hearing Request for HB 397, "Signal System Emergency Upgrades"

I respectfully request that House Bill 397, relating to an appropriation for signal system emergency upgrades, be scheduled for a hearing in the House Transportation Committee as soon as possible. Please feel free to contact me, or my aide Josh Applebee, with questions at 465-4939.

Attached you will find a background packet for HB 397. This includes the current version of the bill, a sponsor's statement, and backup materials.

Thank you for your consideration.

**Sponsor Statement for House Bill 397:
Signal System Emergency Vehicle Pre-Emption Devices in the Anchorage Area**

Signal system emergency vehicle pre-emption devices ("Opticom") allow emergency vehicles approaching a traffic signal to override the normal signal control and change the light from red to green. This enables emergency vehicles to proceed more rapidly and safely to the site of the emergency.

Over the past five years, the Municipality of Anchorage (MOA) and Alaska Department of Transportation/Public Facilities (ADOT/PF) have installed signal pre-emption units at intersections to help vehicles safely on their way. Currently there are signal pre-empt devices at 54 of the 244 intersections in Anchorage and Eagle River.

At the request of the Anchorage Fire Department and the Municipality of Anchorage Traffic Department, House Bill 397 would provide \$1,950,000 State funding to complement a two-to-one match of \$950,000, to be paid for by MOA traffic bonds.

House Bill 397 will improve emergency services and help to save lives and property in Anchorage.

If you have any questions, please feel free to contact my staff, Josh Applebee or me. You may also contact the following for more information regarding Opticom:

John Kiewik, Deputy Fire Chief, MOA, 907-267-5064
Robert Kniefel, Traffic Engineer, MOA, 907-343-8406

Cordially,

Tom Anderson
State Representative

Michael Bucy

From: [redacted] [KniefelRE@ci.anchorage.ak.us]
Sent: Wednesday, March 29, 2006 7:36 AM
To: Michael Bucy
Subject: RE: HB 397

P HB397

I am planning on calling in for the Thursday hearing. ~~Some of the signal system, we have turned~~
~~at the yellow intersection (those that had Opticom but not activated). We have over 60 intersections with the~~
~~Opticom in use. Talk with you on Thursday.~~

Thanks

Bob Kniefel
MOA Traffic Engineer
343-8410

MOA

-----Original Message-----

From: Michael Bucy [mailto:Michael_Bucy@legis.state.ak.us]
Sent: Tuesday, March 28, 2006 5:04 PM
To: Kniefel, Robert E.
Subject: HB 397

Bob,

Thank you for showing up for this afternoon's meeting of the House Transportation Committee. I am sorry it took so long but our bill got bumped about 30seconds before the start of committee! Perogative of the chair, I suppose.

As Max mentioned, we hope you will be there this Thursday, March 30th at 1:30 as well. Please let me know. For your information, I have a large map of the Anchorage Area showing where there are and are not Opticom's that are operational.

Regards,

**2006 STATE LEGISLATIVE PROGRAM
MUNICIPAL PRIORITY ISSUES
CAPITAL BUDGET GRANT REQUEST- COMMUNITY & ECONOMIC
DEVELOPMENT**

ISSUE/PROJECT NAME: Anchorage Signal System Emergency Vehicle Pre-Emption
ISSUE/IMPROVEMENT TYPE: Signal System Upgrade (\$2,900,000)
STATE GRANT REQUEST: \$1,950,000
LOCAL MATCH: \$950,000 (MOA Traffic Bonds)
PRIORITY: 1

ISSUE/PROJECT DESCRIPTION: The provision of emergency services requires that emergency vehicles travel to the site in a safe and efficient manner. Over the past five years, the MOA and ADOT/PF have installed signal pre-emption units at intersections to help vehicles safely on their way. Currently we have signal pre-empt equipment at 54 of the 244 intersection in Anchorage and Eagle River. This funding will expedite the pre-empt installations at the remaining intersection signals within the next three years. The update will result in improved emergency services and the ability to maintain the current response times.

POLITICAL SUBDIVISIONS:

Community Council: Areawide
Assembly Section: All
Legislative District(s):
House: 16 - 32
Senate: 1 - P

CONTACT PERSON: Lance Wilber, Traffic Director, Traffic Department (907) 343-8411; Bob Kniefel, Traffic Engineer, Traffic Department (907) 343-8410.

Sarah Hook

From: Kiewik, John G. [KiewikJG@ci.anchorage.ak.us]
Sent: Friday, February 11, 2005 3:27 PM
To: Sarah Hook
Subject: RE: Current Opticom List
Attachments: Opticom list to kiewik.xls

Sarah,

See the embedded answers below. I won't need a CMA letter from Max, but thanks for offering! ☺

John Kiewik

-----Original Message-----

From: Sarah Hook [mailto:Sarah_Hook@legis.state.ak.us]
Sent: Thursday, February 10, 2005 5:02 PM
To: Kiewik, John G.
Cc: Weston, Michelle R.
Subject: RE: Current Opticom List

John,

Thank you for the information. I talked things over with Max and he has a couple more questions regarding the 200 intersections that do not have opticom.

- 1.) How many of the 200 signals are the state's responsibility and how many are the muni's responsibility? (or maybe a better way to say that is how many are on state roads and how many on city roads and does that make a difference in regards to who is responsible for maintaining them?)

Of the 181 State signals in Anchorage 43 of them are equipped with Opticom with 36 of those in operation.

Of the 72 Muni signals 10 of them are equipped with Opticom with 6 of those operational.

Through the TORA (Transfer of Responsibility Agreement) all traffic signals within the Municipality of Anchorage are maintained by the MOA Traffic Department. This agreement was recently renegotiated between the Municipality of Anchorage and the State of Alaska.

- 2.) Where are the state signal's that still need opticom located in Anchorage?

Attached is a complete list of all signals maintained by the MOA Traffic Department and identified by Owner, State or Muni. Also listing which signals are equipped with Opticom, installed and/or operational.

- 3.) Is there a priority list of traffic lights that most need the opticom, or that would be the most beneficial?

This is a hard one to pin down exactly, but a good start would be to equip or finish out all the major corridors such as the Seward Highway, the Glenn Highway/ E. 5th Ave, DeBarr Road/E. 15th Avenue, Lake Otis Parkway, 36th Avenue, Minnesota Bi-Pass, Northern Lights and Benson Boulevards, and

Dimond Boulevard and Muldoon Road. Many of these Streets intersect which of course benefits both roadways. You'll note I didn't include Tudor Road because it's my understanding this will be equipped from Minnesota to 36th this year during the resurfacing project this year. If you need a specific list of intersections, based on cost, I'll have to study that a little to get the "biggest bang for the bucks" so to speak.

- 4.) Are there any statistics available regarding lives saved, response time saved etc for cities that have the opticom devices?

To the best of my knowledge, there are no statistics of this type out there. Once the system is substantially completed it would be easy to measure response times on a before and after basis. I guess you could say that every time we respond and pass through intersection safely, and arrive in a timely manner that life and property is saved. First and foremost this is a safety system, for the pedestrian and driving public, and firefighters as well. You might be interested to know, according to Mike Syngson of Advanced Traffic Products Inc., that among the major west coast cities, only Anchorage and Spokane do not have a fully built out signal preemption system.

I would appreciate any answers you might be able to provide to these questions. If there is someone else I should be directing the questions to, or if you could point me in the right direction for doing my own research on opticoms, please let me know!

Sarah thanks so much for thinking of us in our efforts to provide the highest level of service to the citizens of Anchorage. The signal information provided to you was produced by Bill Sosnowski, Signal Foreman with the Municipal Traffic Department. He sends his best regards to Max who represented him a while back in a personal matter.

John Kiewik

From: Kiewik, John G. [mailto:KiewikJG@ci.anchorage.ak.us]
Sent: Thursday, February 10, 2005 1:53 PM
To: Sarah Hook
Subject: FW: Current Opticom List



-----Original Message-----

From: Sosnowski, William J.
Sent: Thursday, February 10, 2005 8:45 AM
To: Kiewik, John G.
Subject: Current Opticom List

John the intersections in red are the most recent additions.
 Bill

OPTICOM INTERSECTIONS

December 21, 2004

2:45 PM

Opticom Opticom

Caroline Lombard

From: Kiewik, John G. [KiewikJG@ci.anchorage.ak.us]
Sent: Monday, December 05, 2005 9:41 AM
To: Caroline Lombard
Subject: Opticoms

Caroline,

I'd like to speak to you when you have a moment in regard to "Opticom legislation" as proposed by Rep. Gruenberg. Looking forward to hearing from you.

John Kiewik, Deputy Fire Chief
Anchorage Fire Department
907-267-5064

-----Original Message-----

From: Kempton, Tom G.
Sent: Monday, December 05, 2005 9:35 AM
To: Kiewik, John G.
Subject: FW: Information for press, etc.

Research on traffic pre-emption devices for Anchorage
(report for Anchorage Caucus 2/12/05)

Currently Sarah Hook, on my staff, has been doing research on pre-emption devices for traffic lights in Anchorage. Pre-emption devices allow emergency response vehicles to change the traffic lights from red to green when they are responding to a call. Specifically we are looking at how many lights still need the devices installed and turned on in Anchorage and what districts they are located in. In addition we are looking at the safety issues surrounding the use of the lights, for example, the decrease in response time and how many lives this can save.

Sarah has received information from the Anchorage Fire Department (Thank you!!) and she is working on putting together a report, detailing which districts each of these lights are in and other relevant information.

Sarah

Done

Thx. See me

Sarah Hook

From: Kiewik, John G. [KiewikJG@d.anchorage.ak.us]
Sent: Monday, February 14, 2005 9:06 AM
To: Sarah Hook
Subject: More Preemption Info

Good Morning Sarah,

Almost all of our apparatus is already equipped with Opticom™ emitters. We have specified it in all new equipment purchases. The cost per unit is approximately \$1100.00. The only front line apparatus that is not currently equipped is the Water Tenders at Stations 8,9,10 & 11 and 3 brush fire units. Please thank Max for his interest and discussion at the Anchorage Caucus teleconference this weekend, and of course your able assistance in this matter.

John Kiewik

HB

417

Proposed Criteria for Traffic Safety Corridor Selection

Ron Martindale & Scott Thomas 2-3-2006

The Alaska Legislature is currently considering new regulations that will create "Traffic Safety Corridors" on high accident routes in the State.

It is important to place these safety corridors where they are most needed. To that end, routes with significant numbers of fatal as well as major injury collisions may be the best candidates for this designation. The designation is best suited for major rural routes where typical patterns of fatal and major injury collisions (head on, for example) are segment based, while they are intersection based on urban roads

Routes with relatively few or random fatal crash events should not be designated in order to preserve the potential value and effectiveness of these designations.

Based on evaluation of fatal collision data from National Highway System Routes in the Central Region and other routes with higher numbers of fatal collisions, common concerns can be developed into recommended guidelines for safety zones. We also looked at traffic safety corridor guidelines in two other states to compare with our suggested criteria. These guidelines will need to be reviewed by the other two regions and the State Traffic Engineer. Routes evaluated to develop the suggested guidelines include:

- Seward Highway: Seward to Anchorage
- Sterling Highway: Seward Y Junction to Homer
- Parks Highway: Glenn Highway to MP 163 (Central Region Boundary)
- Glenn Highway: Anchorage to MP 118 (Central Region Boundary)
- Knik/Goose Bay Road: Parks Highway to Point McKenzie Road
- Eagle River Road: Old Glenn Highway to Eagle River Visitors Center
- East End Road (Homer): Pioneer/Lake Street to MP 22

There were 217 fatal accidents on these rural highways in the years 1994-2003. Crashes consist mostly of single vehicle run off the road, head on, rear end, and right angle collisions. Highway information and fatal accident statistics evaluated include:

Average Daily Traffic Volumes (10 year average)

Roadway segment character (Dividing highways into segments with similar roadway character)

Highway Segment Length

Fatal Accident Rates (fatal accidents per 100,000,000 vehicle/miles)

Fatal accidents per mile over a 10 year period

Fatal accident types:

- Head On (80 of 217 or 36.87%)
- Right Angle (14 of 217 or 6.45%)
- Rear End (10 of 217 or 4.61%)
- Single Vehicle run off the road (96 of 217 or 44.24%)
- Collisions with pedestrian or bicyclist (10 of 217 or 4.61 %)
- Collisions with Moose (7 of 217 or 3.23%)

For these statistics, segments that showed the highest degree of fatal collisions demonstrated several similar traffic characteristics. The following are some suggested criteria for selecting these safety corridors:

Average Daily Traffic Volumes. An average daily traffic volume of over 2000 vehicles/day, and

Highway Characteristics. Two lane two way facilities without medians (either raised or flush), and

Fatal Accident Rate. A fatal accident rate which exceeds either the US Average (1.46 in 2004) or a statewide average (1.709 for the Central Region routes listed earlier), and

Types of Fatal Collisions. More than ½ of the fatal collisions involve more than one vehicle (head on, right angle, rear end), in essence, where one driver is affecting another driver adversely, and

Logical Termini Highway Segments. Should be of similar character and begin and end at logical and identifiable locations on the highway. Highway segments should be continuous. For example, if a 10 mile segment meets these qualifications, the next 10 mile segment does not, and the next 10 mile segment again meets these qualifications, consideration should be given to making the entire 30 mile segment a Traffic Safety Corridor.

Other Considerations

The 3 E's (Engineering, Education & Enforcement)

In order for the Traffic Safety Corridors to be effective, a commitment to enforce the provisions of the corridor (double fines for violators, etc) will be required. Merely placing signs designating the corridor as a traffic safety corridor is not sufficient.

In addition, designation of a Traffic Safety Corridor should include an education campaign associated with the particular corridor citing crash statistics and crash characteristics for that corridor.

CS FOR SENATE BILL NO. 261(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE TRANSPORTATION COMMITTEE

**Offered: 3/15/06
Referred: Finance**

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the designation of traffic safety corridors; relating to the bail or fine**
2 **for an offense committed in a traffic safety corridor and to separately accounting for**
3 **such fines; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1. AS 19.10 is amended by adding a new section to read:**

6 **Sec. 19.10.075. Designation of traffic safety corridors; fines. (a) To promote**
7 **traffic safety, the department may designate a portion of a highway to be a traffic**
8 **safety corridor. The commissioner shall establish criteria for the designation and**
9 **continuation of traffic safety corridors. In establishing the criteria, the commissioner**
10 **may consider accident data and reports, the type and volume of vehicular traffic,**
11 **engineering and traffic studies, and other relevant factors. Before the department**
12 **designates a traffic safety corridor, the commissioner shall consult with the**
13 **commissioner of public safety and ^{shall -} ~~may~~ consult with other local, state, and federal**
14 **agencies with responsibility for traffic safety. A motor vehicle or traffic offense**

1 committed in a traffic safety corridor is subject to a double fine as provided in
 2 AS 28.40.070. The department shall erect signs designating traffic safety corridors and
 3 alerting the public that motor vehicle and traffic offenses committed within a corridor
 4 are subject to double fines. A claim for damages may not be made against the state or
 5 its officers, employees, or agents for an act or omission relating to the designation of
 6 and erection of signs regarding a traffic safety corridor.

7 (b) The legislature may appropriate 50 percent of the fines for offenses
 8 committed in a traffic safety corridor imposed under AS 28.40.070 and collected and
 9 separately accounted for by the state under AS 37.05.142, to the division of the
 10 Department of Transportation and Public Facilities responsible for highway safety
 11 planning, for highway safety programs.

12 * Sec. 2. AS 28.05.151(d) is amended to read:

13 (d) The supreme court, in establishing scheduled amounts of bail under this
 14 section, and each municipality that establishes or has established a fine schedule under
 15 this section shall provide that the scheduled amount of bail or fine, as applicable, for a
 16 motor vehicle or traffic offense that is committed in a highway work zone or traffic
 17 safety corridor shall be double the amount of the bail or fine for the offense if it had
 18 not been committed in a highway work zone or traffic safety corridor.

19 * Sec. 3. AS 28.40.070 is amended to read:

20 **Sec. 28.40.070. Fines for offenses committed within highway work zones**
 21 **and traffic safety corridors doubled.** Whenever a person violates a provision of this
 22 title or a regulation adopted under the authority of this title within a highway work
 23 zone or traffic safety corridor, notwithstanding the amount of the fine or the
 24 maximum fine set under this title, the fine, or maximum fine, is double the amount
 25 provided in this title.

26 * Sec. 4. AS 28.40.070 is amended by adding new subsections to read:

27 (b) Fines imposed and collected under this section for offenses that are
 28 committed in a traffic safety corridor shall be separately accounted for under
 29 AS 37.05.142.

30 (c) Notwithstanding the requirements of (b) of this section and AS 37.05.142,
 31 the Alaska Court System shall deposit fines collected under this section for offenses

1 committed in a traffic safety corridor in the general fund if the fine is collected at a
2 court location where separate accounting for traffic safety corridor fines is not
3 achievable.

4 (d) The administrative director of the Alaska Court System shall notify the
5 Department of Administration

6 (1) of court locations where separate accounting under (b) of this
7 section is not achievable; and

8 (2) when a court location identified under (1) of this subsection
9 becomes able to separately account for fines under (b) of this section.

10 * Sec. 5. AS 28.40.100(a) is amended by adding a new paragraph to read:

11 (27) "traffic safety corridor" means a portion of a highway on which
12 signs have been erected designating that portion as a traffic safety corridor under
13 AS 19.10.075.

14 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

HB

432

HOUSE BILL NO. 432

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES SALMON, Foster

Introduced: 2/8/06

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act expanding the Alaska marine highway system to Yukon River locations."

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

3 * Section 1. AS 19.65.011 is amended to read:

4 Sec. 19.65.011. Comprehensive long-range plan. The Department of
5 Transportation and Public Facilities shall prepare a comprehensive long-range plan for
6 the development and improvement of the Alaska marine highway system, including a
7 study on the feasibility of expanding to Yukon River locations, and shall revise and
8 update the plan at least every five years. The department shall submit the
9 comprehensive long-range plan and revisions and updates of the plan to the
10 legislature.

11 * Sec. 2. AS 19.65.030(a) is amended to read:

12 (a) The department shall ~~construct, purchase, or lease~~ ferry terminal facilities
13 at locations, including communities along the Yukon River, if selects for the
14 loading and unloading of passengers and vehicles under their own power, on and off
15 ferries. The department shall repair and maintain these facilities. Construction and

may
The largest R in the state
& ferries ?
good language

1 purchasing under this subsection are governed by AS 36.30 (State Procurement Code).

2 * Sec. 3. AS 19.65.050(a) is amended to read:

3 (a) The legislature finds that

4 (1) the Alaska marine highway system is an essential part of the state
5 transportation system, and that it warrants continued and predictable state support;

6 (2) many communities' economies are dependent on a steady and
7 stable marine highway system service level;

8 (3) many communities along the Yukon River will greatly benefit
9 from regular marine highway transportation service for passengers and freight;

10 (4) [(3)] the state's tourism industry is greatly enhanced by a
11 dependable marine highway transportation network; and

12 (5) [(4)] efficient and prudent management of the system will benefit
13 the state's economy and foster economic development.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: HB432-DOT-2604-03-21-06
 Bill Version: HB 432
 () Publish Date: _____

Revision Date/Time (Note if correction): 1/06/06

Dept. Affected: DOT&PF

Title: Yukon River Ferry Service

RDU: Marine Highway System

Component: Marine Vessel Operations

Sponsor: Rep. Salmon

Requester: (H)Transportation

Component No. 2604

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual	250.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	250.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 CF Match						
1004 GF	250.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	250.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time	0					
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Department will contract for a study to determine the feasibility of providing ferry service to communities on the Yukon River.

Prepared by: Mary Siroky
 Division: Commissioner's Office, DOT&PF
 Approved by: Mike Barton
 Agency: Commissioner, DOT&PF

Phone 465-4772
 Date/Time 3/21/06 10:45 AM
 Date 3/21/2006

City of Tanana
P. O. Box 249
Tanana, Ak 99777
(907) 366-7159

received
FEB 28 2006

Representative Woodie Salmon
State Capitol – Room 114
Juneau, Ak 99801

16 February 2006

Dear Mr. Salmon,

Greetings from the Interior of Alaska. On the 9th of February 2006 the City Council of Tanana unanimously passed a resolution of support for the State of Alaska House Bill # 432 to study the feasibility of expanding the Alaska Marine Highway system to the Yukon River Communities.

Tanana, being a traditional hub community of where the two main navigable river systems meet. We could one day become the main staging/port for most all the freight shipped up or down the mighty Yukon River. This could be made possible if 16 miles of new road was constructed on the south side of the Yukon River utilizing the Minto and Manley Hot Springs road. The new road would be an extension of the existing highway and mining roads. If a main port was developed on the Yukon River, the shipping vessels could draft 6' to 8' feet instead of 3 ½ to 4' feet. This would mean that the cost per pound would drop by more than half.

Studying the feasibility of expanding Marine Highway System into the Interior of Alaska will provide a look at alternatives to our transportation needs. Also, for the State of Alaska to look at the Natural Resources we have that would contribute to the State's over all economy. We have great mining potential, substantial renewable timber resources, some fishing resources, undeveloped tourist potential, young labor work force just to name a few.

In closing, we strongly support this House Bill #432 for the economic future of Rural Alaska.

Sincerely,

Donna May Folger
Donna Folger
Mayor



ALASKA STATE LEGISLATURE
REPRESENTATIVE WOODIE SALMON

Memorandum

Date: February 15, 2006

To: Representative Jim Elkins
Co-Chair, Transportation Committee

Representative Carl Gatto
Co-Chair, Transportation Committee

From: Representative Woodie Salmon

A handwritten signature in black ink, appearing to be "WS", enclosed in a hand-drawn oval.

Re: Hearing Request

I respectfully request you to schedule a hearing for HB 432, "An Act expanding the Alaska marine highway system to Yukon River locations".

HB 432 requires the State Department of Transportation and Public Facilities to begin studying the feasibility of a state ferry system on the Yukon River.

If you have any questions, please contact my office at 465-4527.

Thank you,

Representative Woodie Salmon



ALASKA STATE LEGISLATURE
REPRESENTATIVE WOODIE SALMON

HB 432: SPONSOR STATEMENT

“An Act expanding the Alaska marine highway system to Yukon River Locations.”

HB 432 requires the State Department of Transportation and Public Facilities to begin studying the feasibility of a state ferry system on the Yukon River.

Alaskan communities along the Yukon River would benefit greatly from a seasonal ferry service for transporting passengers, vehicles and cargo. A ferry service with a regular schedule would provide an economic boost to villages by providing tourists with a convenient means of traveling through the area. The new jobs created would also help the economy and directly benefit the communities. In addition, a ferry system would be a reliable and safe alternative to traveling the river independently in smaller boats, and provide a greater sense of connectedness and community among villages.

Currently, summertime barge service up and down the Yukon River is slow and infrequent. Many communities will only experience one or two barge deliveries per year. With a regular ferry service, local residents of Yukon River villages would have another option for shipment of groceries and supplies, which could help lower prices.

A century ago, the Yukon River was a primary route of transportation linking interior communities during the gold rush era. A revitalization of this waterway would surely provide immediate benefits to locals, and encourage growth of tourism and a stronger economy for future generations of Alaskans. A feasibility study is a positive first step in this process. I respectfully ask for your support.

Thank you.

NATIVE VILLAGE OF EAGLE
EAGLE VILLAGE IRA COUNCIL
P. O. BOX 19
EAGLE, ALASKA 99738

PHONE NO. (907) 547-2271
FAX NO. (907) 547-2287

received
FEB 14 2006

February 9, 2006

Representative Woodie Salmon
Alaska State House of Representatives
(Interdepartmental Mail Stop: 3100)
State Capital
Juneau, Alaska 99801-1182

RE: HB-432

Dear Representative Salmon:

I am writing in reference to HB-432, "Expanding the Alaska Marine Highway System to the Yukon River locations". After reviewing the content of bill, the Eagle Village Council wholeheartedly support HB-432. I would like to thank you and Representative Foster for introducing HB-432. If we are to preserve the past, this is one way of revitalizing the links that the interior communities had with one and another during the hay-day of the Gold rush era. If HB-432 is passed in both houses, it will also open up more access to rich undeveloped resources. This will be good for the village economy.

One of the most important criteria of HB-432 is that it will be good for the economy by producing more jobs in the local communities. This is also good because at a time when there is almost a standstill on the developing of our local resources, it would make it possible to ship these resources anywhere in the world. I believe that for many of our communities to survive and become self-sustaining, the opening of a major waterway is an encouraging step. It is also good for the economy, as it will put the emphasis of putting people back to work, other than dependence on welfare-oriented services.

In closing, I would like to say that this is a good bill and it will make more communities self-sustaining. I urge the members of both houses to support and pass this bill. If you have any questions, please feel free to call me at 907-547-2271.

Sincerely,

Isaac A. Juneby

Isaac A. Juneby, Chief
Eagle Village IRA Council

C/C

Representative Richard Foster
Alaska State House of Representatives
(Interdepartmental Mail Stop: 3100)
State Capital
Juneau, Alaska 99801-1182



ALASKA STATE LEGISLATURE
REPRESENTATIVE WOODIE SALMON

SECTIONAL ANALYSIS

HB 432: Expanding Alaska Marine Highway to Yukon River

Section One includes a study on the feasibility of expanding the Alaska marine highway system to Yukon River as part of the Department of Transportation and Public Facilities comprehensive long-range plan.

Section Two adds communities along the Yukon River to locations where the department shall construct, purchase or lease ferry terminal facilities.

Section Three inserts a new statement into findings: many communities along the Yukon River will greatly benefit from regular marine highway transportation service for passengers and freight.

3/20/06

TO: Representative Salmon

From: Mike Tierney

About: HB 432

I recently received a copy of your "HB 432 - Yukon River Ferry" proposal. Sounds very good, with + possibilities for us on Kuskokwim too. suggest you write local village council and city govt to ask for letters of support.

Thanks

W. McIntire

McGrath Native Village Council

Box 134

McGrath 99627

City of McGrath

Box 30

McGrath

Maridon Boario

From: POMS@legis.state.ak.us
Sent: Tuesday, March 21, 2006 8:39 AM
To: Maridon Boario
Subject: New Pom:HB 432 Yukon River Ferry Service

Robert Kallio
Po Box 73731

Fairbanks 99707-3731,

As a past captain of the only tour boat that operated from the Yukon River bridge, I wish to support this bill. Ferry service on the Yukon River would benefit all the villages & develop tourism. It is time to develop this ferry system to open the Interior of Alaska.

HB

434

NEPA Delegation Pilot Fact Sheet

SAFETEA-LU includes a NEPA delegation pilot program for five states – Alaska, California, Oklahoma, Ohio, and Texas. Under the program, the five states are eligible to apply for delegation of the Secretary of Transportation's (Secretary) NEPA responsibilities for one or more highway projects within the state. The state may also apply for delegation of some or all of the Secretary's review and consultation responsibilities under other Federal environmental laws. The scope of delegation will be determined through application to the Secretary and execution of a Memorandum of Understanding (MOU).

Time Frame:

- Duration of the pilot program is six years from enactment of SAFETEA-LU. Unless extended by statute, the pilot terminates on August 10, 2011.
- The Secretary is required to promulgate regulations to establish delegation application requirements. Rulemaking is required to be complete within 270 days of the Act. Rulemaking is currently behind schedule.
- The State may not submit its application until:
 - Rulemaking is complete, and
 - The State must advertise the application and solicit public comment.
- After application is accepted, the State and Secretary will enter into an MOU.
- Once the MOU is executed, delegation may proceed.

Delegation Options:

- NEPA delegation is limited to highway projects. The term includes roads, streets, and parkways, rights-of-way, bridges, and protective structures.
 - NEPA delegation may be programmatic, or for specific, identified projects. The State has broad latitude to determine the FHWA environmental responsibilities it would like to assume (i.e. Ces, Eas, EISs, Section 4(f)).
- The State intends to request delegation for all of the Secretary's environmental review and consultation responsibilities under other Federal environmental laws (examples include Section 106 of the National Historic Preservation Act, and Section 7 of the Endangered Species Act).
- NEPA delegation is limited to environmental decision-making. It does not extend to engineering decisions.

Requirements and Responsibilities:

- Under delegation, the State would assume sole responsibility and liability for its NEPA actions and decisions and would be subject to Federal court jurisdiction. To receive delegation, the State is required to waive its 11th Amendment sovereign immunity from suits in Federal court for its decisions under NEPA.
- The State will be required to comply with all applicable Federal laws, Executive Orders, regulations, policies and guidance for the responsibilities it assumes.
- The State's delegation programs will be audited, twice annually for the first two years, annually thereafter. The audits will be available for public comment.
- The Secretary is required to submit an annual report to Congress on the pilot program.
- The Secretary may terminate any state's participation in the pilot program at any time for cause.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 434
 (H) Publish Date: 2/8/06

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title: NEPA Pilot Project RDU: Design, Engineering, Construction
 Component: Statewide Design & Eng Svcs
 Sponsor: _____ Component No.: 2357
 Requester: Governor

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	422.7	422.7	422.7	422.7	422.7	
Travel	50.0	50.0	50.0	50.0	50.0	
Contractual	154.7	154.7	154.7	154.7	154.7	
Supplies	20.0	10.0	10.0	10.0	10.0	
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	647.4	637.4	637.4	637.4	637.4	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1061 CIP Rcpts	647.4	637.4	637.4	637.4	637.4	
Other (Specify Type--Do not abbreviate)						
TOTAL	647.4	637.4	637.4	637.4	637.4	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time	4	4	4	4	4
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

Under Section 6005 of SAFETEA-LU, the State of Alaska may assume the responsibilities of the Federal Highway Administration (FHWA) under the National Environmental Policy Act of 1969. Specifically, the FHWA may assign, with some exceptions, all or part of their responsibilities for environmental review, consultation, approvals or other actions required under any federal environmental law pertaining to the review and approval of federally funded projects. For the State to assume these obligations 1) DOT/PF requires two positions to fulfill the role of performing federal actions such as reviewing and approving federal environmental documents, 4(f) statements and environmental document re-evaluations (2 positions at range 24C and 2 positions at range 21C plus support costs), 2) the Attorney General's office requires one position to perform required legal sufficiency reviews of environmental documents (provided through a reimbursable services agreement (RSA)). Federal authorization for this pilot program expires in FY2011.

Prepared by: Nancy Slagle, Director
 Division: Administrative Services
 Approved by: Mike Barton
 Agency: DOT&PF

Phone: 465-3911
 Date/Time: 12/30/05 9:00am
 Date: 12/30/05

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 434
 (H) Publish Date: 2/8/06

Revision Date/Time (Note if correction): _____ Dept. Affected: DEC
 Title NEPA Pilot Program RDU _____
 Component _____
 Sponsor Rules Committee
 Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Molly Hicks Phone 465-5065
 Division: Office of the Commissioner Date/Time 12/21/2005 9:12am
 Approved by: Kurt Fredriksson Date 12/21/05 10:02am
 Agency: Department of Environmental Conservation

HB

471

ALASKA STATE LEGISLATURE

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law

Member:
House Finance Committee
Legislative Council



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

Interim:
PO Box 464
Chugiak, AK 99567

REPRESENTATIVE BILL STOLTZE

Representative_Bill_Stoltze@legis.state.ak.us

MEMORANDUM

TO: Representative Carl Gatto, Co-Chair
Representative Jim Elkins, Co-Chair
House Transportation Committee

FROM: Representative Bill Stoltze 

DATE: February 16, 2006

SUBJECT: Hearing Request

I respectfully request a hearing be scheduled for House Bill 471, an Act relating to the Knik Arm Bridge and Toll Authority.

Thank you for your consideration.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

ALASKA STATE LEGISLATURE

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

Interim:
PO Box 464
Chugiak, AK 99567

BILL STOLTZE State Representative

Representative_Bill_Stoltze@legis.state.ak.us

House Bill 471 Knik Arm Bridge and Toll Authority

The Legislature created the Knik Arm Bridge and Toll Authority (KABATA) in 1993 to construct a toll bridge across the Knik Arm and connect the Municipality of Anchorage and the Matanuska-Susitna Borough to develop, stimulate, and advance the economic welfare of the state and further the development of public transportation systems in the vicinity of the Upper Cook Inlet. To accomplish the task assigned by the Legislature, KABATA must supplement the federal-aid funds authorized by Congress with significant additional public and private sector financing.

The changes to KABATA's statute reflects advice provided to KABATA from the Department of Transportation's Transportation Infrastructure Finance and Innovation Act (TIFIA) executives and other public and private financing experts that these clarifying amendments are essential for their participation in the financing of this project.

The provisions of HB 471:

- Provide exclusive authority to KABATA to set the amount of the bridge tolls.
- Provide explicit authority to enter into public-private partnerships for the construction, maintenance and operation of the toll bridge.
- Authorize obtaining non-recourse loans from the US DOT's TIFIA loan program.
- Set the dollar of non-recourse revenue bonds that may be issued and refunded.
- Provide means for the collection of tolls and other obligations owing KABATA in the operation of the toll bridge.

I ask for your support of HB 471 to give KABATA the authority to finalize financial arrangements to complete the financing of the construction, operation and maintenance of the bridge.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

ALASKA STATE LEGISLATURE

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law



STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

Session:
Alaska State Capitol, Rm 501
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

District:
600 E. Railroad Ave.
Wasilla, AK 99654

Explanation of Changes HB 471(version A) to CSHB 471(version F)

Title

The reason for this change is to clearly identify the primary purpose of the legislation is as stated and not the conforming changes noted.

"An Act amending the Knik Arm Bridge and Toll Authority Act and the powers and authority of the authority to finance construction and maintenance of the Knik Arm Bridge, to set and collect tolls, and to carry out its duties, and making conforming changes to statutes relating to issuance, renewal, or reinstatement of driver's licenses and to levy on permanent fund dividends; and providing for an effective date."

Section 1:

The purpose of this addition (also in the original draft) is to dispel any argument that "shall be governed exclusively by this chapter" on line 10 cannot be interpreted to mean that the authority has no implied powers and authority not explicitly stated in the chapter.

Page 1, line 10:

Add after the words "exclusively by this chapter" the following: ", provided nothing in this chapter shall limit the implied powers and authority of the authority."

The purpose of this addition was strongly suggested by the officers of TIFIA and is critical to their financing.

Page 2, line 8:

Add after the words "functions under this chapter" the word "and".

Page 2, line 24:

Add after the words "incur other indebtedness, including" the words "lines of credit and"

Page 2, line 25:

Add after the words "appurtenant facilities and" the word "for"

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Section 2.:

The purpose of this change is to accurately reflect that the Authority will hold its assets, funds and revenue, but that the Department of Revenue will account for them separately.

Page 4, line 29:

Strike delete the words "hold and"

Section 3 and Section 4.:

This provision is extracted from AS 37.15.650(a), was intended to be included in AS 19.75.211, and is shown the proposed language changes inserted into a copy of AS 19.75 provided with our proposed bill, but it apparently was left out of our proposed draft bill.

On page 5., add a new subsection to AS 19.75.211 to read:

"The bonds of the authority may be sold in the amounts or series and at the time determined by its board of directors. Bonds, or a series of bonds, may not be sold if the effective interest rate over the life of the bonds exceeds 11 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields for the week previous to the date of the sale of the bonds, whichever is higher. ."

Section 8.:

The purpose of this is to accommodate additional sections from AS 37.15.

Page 6, line 18:

Insert "(a)"

These additions will fully reflect that the provisions of AS 37.15.650(c) through (f) incorporated into chapter 19.75

Page 7, line 11:

Insert the following additional subsections to t. new AS 19.75.330

"(b) The board may select a trustee or trustees for the holders of the bonds or any series of the bonds, for the safeguarding and disbursement of any of the money in any of the funds created pursuant to this chapter or for the duties of authentication, delivery, and registration of the bonds as the board may determine. The board shall also fix the rights, duties, powers, and obligations of the trustee or trustees.

"(c) In determining the matters and questions relating to the issuance and sale of the bonds and fixing of the maturities, terms, conditions, covenants, and other subjects of the bonds as provided in (a) and (b) of this section, the decisions of the board shall be those found to be reasonably necessary for the best interests of

the authority and the construction, operation, and maintenance of its facilities, and those that will accomplish the most advantageous sale of the bonds, giving due regard to (1) necessary or normal costs of maintenance and operation; (2) renewals and replacements of and repairs to the toll facilities; (3) all improvements to toll facilities and property of toll facilities owned, used, operated, or leased in connection with toll facilities; (4) the future growth and expansion of all of the facilities; and (5) the possibility of additional revenue bond financing for toll facilities purposes. A decision of the board as expressed in any bond resolution, is final when any bonds have been issued under the bond resolution.

"(d) A bond resolution may provide that the bonds issued must contain a recital that the bonds are issued under this chapter, and any bonds containing this recital are conclusively considered to be valid and to have been issued in conformity with this chapter.

"(e) The validity of the authorization and issuance of bonds is not affected by any proceeding for the acquisition or construction of the additions, improvements, or facilities for which the bonds have been issued or by any contract in connection with the acquisition or construction."

The notice is referred to in AS 37.15.660 which is incorporated AS 19.75.332, but the notice referred to is a notice in AS 37.15.650(a) which is not incorporated into these bond provisions. This change will reflect that difference.

Page 7, line 18 & 19:

Delete the word "whether" at the beginning of line 18 and insert "where" in its place.

After the word "sale" on line 18, insert the words ", if any,".

Delete all words after "is to be published" through the end of this sentence on line 19.

Page 8, line 3:

After the words "All provisions of", the statute sections reference should include AS 19.75.211, the additional subsection to be inserted in either Section 3. or Section 4. on page five noted above, and 19.75.221 through 19.75.271, as well as 19.75.330 through 19.75.340 presently listed.

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CS FOR HOUSE BILL NO. 471()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVE STOLTZE

A BILL
FOR AN ACT ENTITLED

1 **"An Act amending the Knik Arm Bridge and Toll Authority Act and the powers and**
2 **authority of the authority to finance construction and maintenance of the Knik Arm**
3 **Bridge, to set and collect tolls, and to carry out its duties, and making conforming**
4 **changes to statutes relating to issuance, renewal, or reinstatement of driver's licenses**
5 **and to levy on permanent fund dividends; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1. AS 19.75.111 is amended to read:**

8 **Sec. 19.75.111. Powers and duties of the authority. (a) Except as otherwise**
9 **explicitly made applicable to the authority, the performance of the authority's**
10 **duties and the exercise of its powers, including its powers to issue bonds and**
11 **otherwise incur debt, shall be governed exclusively by this chapter. In furtherance**
12 **of its purposes, the authority may**

13 **(1) own, acquire, construct, develop, create, reconstruct, equip,**

1 operate, maintain, extend, and improve the Knik Arm bridge and its appurtenant
2 facilities;

3 (2) sue and be sued;

4 (3) adopt a seal;

5 (4) adopt, amend, and repeal regulations under AS 44.62 and establish
6 bylaws;

7 (5) make and execute agreements, contracts, and all other instruments
8 with any public or private person, governmental unit or agency, corporation, or
9 other business entity lawfully conducting business in the United States for the
10 exercise of its powers and functions under this chapter and for the financing, design,
11 construction, maintenance, improvement, or operation of facilities, properties, or
12 projects of the authority, including making and executing contracts with any
13 person, firm, corporation, governmental agency, or other entity for the purpose of

14 (A) incurring indebtedness, obtaining investments in the
15 authority's projects, acquiring or granting lump sum payments for
16 services in advance or in arrears, grants, and other financing; and

17 (B) entering into public-private partnerships or service
18 contracts in any form;

19 (6) in its own name acquire, lease, rent, sell, or convey real and
20 personal property;

21 (7) issue and refund bonds [AND OTHERWISE INCUR
22 INDEBTEDNESS,] in accordance with this chapter [AS 19.75.211], in order to pay
23 the cost of the Knik Arm bridge and its appurtenant facilities; the authority may also
24 secure payment of the bonds or other indebtedness as provided in this chapter
25 [AS 19.75.221];

26 (8) incur other indebtedness, including lines of credit and
27 indebtedness to the Federal Highway Administration, United States Department
28 of Transportation, under 23 U.S.C. 101 - 164 (Transportation Infrastructure
29 Finance and Innovation Act of 1998), as amended;

30 (9) apply for and accept gifts, grants, or loans from a federal agency or
31 an agency or instrumentality of the state, or from a municipality, private organization,

1 or other source, including obtaining title to state, local government, or privately
2 owned land, directly or through a department of the state having jurisdiction of
3 the land:

4 (10) [(9)] fix and collect fees, rents, tolls, rates, or other charges for the
5 use of the Knik Arm bridge and appurtenant facilities, or for a service developed,
6 operated, or provided by the authority; notwithstanding AS 37.10.050(a), fees, rents,
7 tolls, rates, and other charges fixed and collected under this paragraph may exceed the
8 actual operating cost of the use of the bridge, facility, or service;

9 (11) bring civil actions, refer criminal actions to the appropriate
10 authority, and take other actions or enter into agreements with law enforcement
11 and collection agencies to enforce the collection of its fees, rents, tolls, rates, other
12 charges, penalties, and other obligations;

13 (12) [(10)] pledge, encumber, transfer, or otherwise obligate fees,
14 rents, tolls, rates, charges, or other revenue of the authority as security for bonds or
15 other indebtedness or agreements of the authority;

16 (13) [(11)] deposit or invest its funds, subject to agreements with
17 bondholders;

18 (14) [(12)] procure insurance against any loss in connection with its
19 operation;

20 (15) [(13)] contract for and engage the services of consultants, experts,
21 and financial and technical advisors that the authority considers necessary for the
22 exercise of its powers and functions under this chapter;

23 (16) [(14)] apply for, obtain, hold, and use permits, licenses, or
24 approvals from appropriate agencies of the state, the United States, a foreign country,
25 and any other proper agency in the same manner as any other person;

26 (17) [(15)] perform reconnaissance studies and engineering, survey,
27 and design studies with respect to the Knik Arm bridge and its appurtenant facilities;

28 (18) [(16)] exercise powers of eminent domain or file a declaration of
29 taking as necessary for the Knik Arm bridge and appurtenant facilities under
30 AS 09.55.240 - 09.55.460 to acquire land or an interest in land;

31 (19) [(17)] confer with municipal and other governments, metropolitan

1 planning organizations, and the department, concerning the Knik Arm bridge;

2 (20) [(18)] do all acts and things necessary to carry out the powers
3 expressly granted or necessarily implied in this chapter; nothing in this chapter
4 limits the powers of the authority that are expressly granted or necessarily
5 implied.

6 (b) The authority shall

7 (1) prepare an annual report of its operations to include a balance
8 sheet, an income statement, a statement of changes in financial position, a
9 reconciliation of changes in equity accounts, a summary of significant accounting
10 principles, an auditor's report, comments regarding the year's business, and prospects
11 for the next year; the report shall be completed by the third day of each regular session
12 of the legislature, and the authority shall notify the governor, the commissioner of the
13 department, the presiding officers of each house of the legislature, and the Legislative
14 Budget and Audit Committee that the report is available;

15 (2) comply with the provisions of AS 37.07 (Executive Budget Act),
16 except that AS 37.07 does not apply to the activities of the authority that relate to the
17 authority's borrowing of money as provided in this chapter, including the issuing of its
18 obligations or evidence of that borrowing and the repayment of the debt obligation;

19 (3) establish a personnel management system for hiring employees and
20 setting employee-benefit packages;

21 (4) establish procedures, rules, and rates governing per diem and travel
22 expenses of the employees of the authority in substantial conformity to statutes,
23 procedures, rules, and rates applicable to state employees of similar state entities;

24 (5) coordinate the exercise of its powers to plan, design, construct,
25 operate, and maintain the Knik Arm bridge with the department, and with the mayors
26 of the Municipality of Anchorage and the Matanuska-Susitna Borough;

27 (6) have the exclusive authority to determine and fix fees, rents,
28 tolls, rates, and other charges, including the tolls for the use of the bridge and
29 appurtenant facilities and for the use of all other properties under the control of
30 or owned or managed by the authority.

31 * Sec. 2. AS 19.75 is amended by adding a new section to read:

1 **Sec. 19.75.113. Assets, funds, and revenue of the authority.** (a) The
2 Department of Revenue shall separately account for all funds, assets, and revenue of
3 the authority.

4 (b) The deposit or investment of money in the authority's funds may be made
5 as the board determines. The interest earned on or profits derived from the deposit,
6 investment, or sale of an investment by the authority are funds of the authority.

7 * **Sec. 3.** AS 19.75.211 is amended to read:

8 **Sec. 19.75.211. Bonds of the authority.** Notwithstanding any other
9 provision of law, the [THE] authority may borrow money and issue **and refund**
10 bonds on which the principal and interest are **paid out of and secured by the gross**
11 **revenue derived by the authority from the ownership, use, and operation of its**
12 **toll facilities, including [PAYABLE FROM] money derived from the fees, rents,**
13 **tolls, rates, charges, and other revenue of the authority under this chapter **and any****
14 **other revenue or money that the legislature may appropriate, except a state tax**
15 **or license.** Before issuing bonds for the Knik Arm bridge, the authority shall submit to
16 the state bond committee a description of the bond issue and a preliminary prospectus,
17 offering circular, or official statement relating to the bond issue. Bonds may not be
18 issued unless the state bond committee finds, based upon the information submitted by
19 the authority under this section and other information that is reasonably available to
20 the committee, that the Knik Arm bridge revenue and other revenue available to the
21 authority can be reasonably expected to be adequate for payment of the principal of
22 and interest on the bonds to be issued and that issuance of the bonds by the authority
23 would not be expected to adversely affect the ability of the state or its political
24 subdivisions to market bonds. [BONDS MAY NOT BE ISSUED UNLESS THE
25 PRINCIPAL AMOUNT OF THE BOND ISSUE IS AUTHORIZED BY LAW.]

26 * **Sec. 4.** AS 19.75.211 is amended by adding new subsections to read:

27 (b) The bonds of the authority may be sold in the amounts or series and at the
28 time determined by its board of directors. Bonds, or a series of bonds, may not be sold
29 if the effective interest rate over the life of the bonds exceeds 11 percent a year or a
30 rate of interest that is 125 percent of the rate of the Bond Buyer Index of 20 Municipal
31 Bond Average Yields for the week previous to the date of the sale of the bonds,

1 whichever is higher.

2 (c) The authority may issue bonds in an aggregate amount not to exceed
3 \$500,000,000, plus the cost of issuance.

4 (d) The amount of refunding bonds that may be issued by the authority and
5 bond premiums may not be included in the aggregate amount, but may be in addition
6 to the amount authorized by (c) of this section.

7 * **Sec. 5.** AS 19.75.221 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of law, the authority may establish
9 other funds and reserves as the board of directors may determine reasonable and
10 prudent for the issuance of bonds or for the conduct of the business and affairs of the
11 authority. The interest earned on or profit derived from these funds and reserves shall
12 be the property of the authority.

13 * **Sec. 6.** AS 19.75.241(b) is amended to read:

14 (b) The bonds issued by the authority do not constitute an indebtedness or
15 other liability of the state or of a political subdivision of the state other than the
16 authority, but shall be payable solely from the income, receipts, or other money or
17 property of the authority. All documents prepared by and used in or for the
18 issuance of bonds by the authority must state that they are prepared by or for the
19 authority.

20 * **Sec. 7.** AS 19.75.241(c) is amended to read:

21 (c) The authority may not pledge the faith or credit of the state or of a political
22 subdivision of the state other than the authority, and the issuance of a bond by the
23 authority does not directly, indirectly, or contingently obligate the state or a political
24 subdivision of the state to apply money from, levy, or pledge any form of taxation to
25 the payment of the bond or to make payments due on the bonds from any source of
26 funds not pledged for repayment of the bonds.

27 * **Sec. 8.** AS 19.75 is amended by adding new sections to article 2 to read:

28 **Sec. 19.75.330. Bond terms.** (a) The bonds of the authority mature at the time
29 fixed by the board. The bonds may be subject to redemption before their fixed
30 maturities as determined by the board and with the premium fixed by the board, but a
31 bond may not be subject to redemption before its fixed maturity date unless the right

1 to redeem that bond is expressly mentioned on the face of the bond. The bonds

2 (1) may be in denominations determined by the board;

3 (2) may be issued in coupon form or in fully registered form, and may
4 be registrable as to principal or both principal and interest, all under regulations and
5 conditions the board provides;

6 (3) are payable as to principal and interest at the place determined by
7 the board;

8 (4) shall be signed on behalf of the authority as the board may direct;
9 the signatures may be facsimile signatures; each of the interest coupons attached to the
10 bonds shall be signed by the facsimile signatures of the officials as the board may
11 direct;

12 (5) shall have the seal of the authority impressed, printed, or
13 lithographed on them; and

14 (6) shall be issued under and subject to the terms, conditions, and
15 covenants, providing for the payment of the principal of and interest on the bonds and
16 the other terms, conditions, covenants, and protective features safeguarding this
17 payment and relating to the maintenance, operation, and improvement of the toll
18 facilities as found necessary by the board, which covenants may include a provision
19 requiring the setting aside and maintenance of certain reserves to secure the payment
20 of the principal and interest.

21 (b) The board may select a trustee or trustees for the holders of the bonds or
22 any series of the bonds, for the safeguarding and disbursement of any of the money in
23 any of the funds created under this chapter or for the duties of authentication, delivery,
24 and registration of the bonds as the board may determine. The board shall fix the
25 rights, duties, powers, and obligations of the trustee or trustees.

26 (c) In determining the matters and questions relating to the issuance and sale
27 of the bonds and the fixing of the maturities, terms, conditions, covenants, and other
28 subjects of the bonds as provided in (a) and (b) of this section, the decisions of the
29 board shall be those found to be reasonably necessary for the best interests of the
30 authority and the construction, operation, and maintenance of its facilities, and those
31 that will accomplish the most advantageous sale of the bonds, giving due regard to (1)

1 necessary or normal costs of maintenance and operation; (2) renewals and
2 replacements of and repairs to the toll facilities; (3) all improvements to toll facilities
3 and property of toll facilities owned, used, operated, or leased in connection with toll
4 facilities; (4) the future growth and expansion of all of the facilities; and (5) the
5 possibility of additional revenue bond financing for toll facilities purposes. A decision
6 of the board as expressed in any bond resolution, is final when any bonds have been
7 issued under the bond resolution.

8 (d) A bond resolution may provide that the bonds issued must contain a recital
9 that the bonds are issued under this chapter, and any bonds containing this recital are
10 conclusively considered to be valid and to have been issued in conformity with this
11 chapter.

12 (e) The validity of the authorization and issuance of bonds is not affected by
13 any proceeding for the acquisition or construction of the additions, improvements, or
14 facilities for which the bonds have been issued or by any contract in connection with
15 the acquisition or construction.

16 **Sec. 19.75.332. Bond resolution.** When issuing bonds of the authority, the
17 board shall adopt the bond resolution and prepare all other documents and proceedings
18 necessary for the issuance, sale, and delivery of the bonds or any part or series of
19 them. The bond resolution shall fix the principal amount, denomination, date,
20 maturities, place or places of payment, rights of redemption, if any, terms, form,
21 conditions, and covenants of the bonds or each series of them. The board shall also
22 determine and provide for the date and manner of sale of the bonds, and shall provide
23 where the notice of sale, if any, is to be published.

24 **Sec. 19.75.334. Enforcement by holder.** The holder of any bonds or the
25 trustee for the holders of the bonds or any series of them, may, by appropriate
26 proceedings in state court, compel the transfer, setting aside, and payment of money
27 and the enforcement of all of the terms, conditions, and covenants as required and
28 provided in AS 19.75.330 and 19.75.332 and in the bond resolution.

29 **Sec. 19.75.336. Bond negotiability.** The bonds and the coupons attached to
30 them are fully negotiable instruments under the laws of the state.

31 **Sec. 19.75.338. Refunding.** (a) The bonds or any part of them may be

1 refunded at or before their maturity by the issuance of refunding revenue bonds of the
2 authority if, in the opinion of the board, refunding is advantageous to and in the best
3 interest of the authority.

4 (b) The issuance of refunding bonds need not be authorized by an act of the
5 legislature. The board shall adopt the resolution authorizing refunding and prepare all
6 other documents and proceedings necessary for the issuance, exchange or sale, and
7 delivery of the bonds. All provisions of AS 19.75.211 - 19.75.271 and AS 19.75.330 -
8 19.75.340 applicable to revenue bonds are applicable to the refunding bonds and to the
9 issuance, sale, or exchange of the bonds, except as otherwise provided in this section.

10 (c) Refunding bonds may be issued in a principal amount sufficient to provide
11 money for the payment of all bonds to be refunded by them and, in addition, for the
12 payment of all expenses incident to the calling, retiring, or paying of the outstanding
13 bonds, and the issuance of the refunding bonds. These expenses include the difference
14 in amount between the par value of the refunding bonds and any amount less than par
15 for which the refunding bonds are sold, any amount necessary to be made available for
16 the payment of interest on the refunding bonds from the date of sale of them to the
17 date of payment of the bonds to be refunded or to the date on which the bonds to be
18 refunded will be paid under the call of the bonds or agreement with the holders of
19 them, and the premium, if any, necessary to be paid in order to call or retire the
20 outstanding bonds and the interest accruing on the outstanding bonds to the date of the
21 call or retirement.

22 **Sec. 19.75.340. Bonds as legal investments.** Bonds of the authority, including
23 toll facilities bonds, are legal investments for all banks, trust companies, savings
24 banks, savings and loan associations, and other persons carrying on a banking
25 business, all insurance companies and other persons carrying on an insurance business,
26 and all executors, administrators, trustees, and other fiduciaries. The bonds may be
27 accepted as security for deposits of all money of the state and its political subdivisions.

28 * **Sec. 9.** AS 19.75 is amended by adding new sections to read:

29 **Sec. 19.75.915. Liability for payment of tolls.** (a) The owner of a vehicle
30 using a facility owned, controlled, or managed by the authority for which a toll or fee
31 is imposed is liable for the payment of the toll or fee solely because of the vehicle

1 ownership, unless the vehicle, except a rental vehicle, is used without the owner's
2 knowledge and incurs the toll or fee during operation.

3 (b) Unpaid tolls or fees due the authority by a person entitled to receive an
4 Alaska permanent fund dividend shall be a lien on and entitled to payment from the
5 permanent fund dividend of the person from the date the authority notifies the
6 Department of Revenue of the amount due and owing 30 days after the due date.

7 (c) Upon agreement between the authority and the commissioner of
8 administration, a vehicle owner liable for an unpaid toll or fee due the authority may,
9 after 30 days after the due date, be barred from obtaining or renewing a driver's license
10 or a vehicle registration or license, regardless of whether the vehicle was used at the
11 authority's facilities or incurred the toll or fee, until the toll or fee is paid in full.

12 **Sec. 19.75.920. Statutory construction.** This chapter shall be liberally
13 construed in order to carry out the purposes for which it was enacted. All existing laws
14 in conflict with this chapter are superseded as necessary to accomplish the purposes of
15 this chapter.

16 * **Sec. 10.** AS 19.75.980 is amended to read:

17 **Sec. 19.75.980. Definitions.** In this chapter, except as otherwise provided
18 and unless the context requires otherwise,

19 (1) "authority" means the Knik Arm Bridge and Toll Authority;

20 (2) "board" means the board of directors of the authority;

21 (3) "department" means the Department of Transportation and Public
22 Facilities;

23 (4) "state bond committee" means the state bond committee
24 created by AS 37.15.110.

25 * **Sec. 11.** AS 28.15.031(b) is amended to read:

26 (b) The department may not issue an original or duplicate driver's license to,
27 nor renew or reinstate the driver's license of, a person

28 (1) whose license is suspended or revoked, except as otherwise
29 provided in this chapter;

30 (2) who fails to appear in court for the adjudication of a certain
31 vehicle, driver, or traffic offense when the person's appearance is required by statute,

1 regulation, or court rule;

2 (3) who is an habitual user of alcohol or another drug to such a degree
3 that the person is incapable of safely driving a motor vehicle;

4 (4) [REPEALED

5 (5)] when the department, based upon medical evidence, has
6 determined that because of the person's physical or mental disability the person is not
7 able to drive a motor vehicle safely;

8 (5) [(6)] who is unable to understand official traffic control devices as
9 displayed in this state or who does not have a fair knowledge of traffic laws and
10 regulations, as demonstrated by an examination;

11 (6) [(7)] who has knowingly made a false statement in the person's
12 application for a license or has committed fraud in connection with the person's
13 application for, or in obtaining or attempting to obtain, a license, or who has not
14 applied under oath on the form provided for the purpose of obtaining or attempting to
15 obtain a license or permit; [OR]

16 (7) [(8)] who is required under AS 28.20 to furnish proof of financial
17 responsibility and who has not done so; or

18 (8) who is liable for an unpaid toll or fee under AS 19.75.915(c).

19 * Sec. 12. AS 43.23.065(b) is amended to read:

20 (b) An exemption is not available under this section for permanent fund
21 dividends taken to satisfy

22 (1) child support obligations required by court order or decision of the
23 child support services agency under AS 25.27.140 - 25.27.220;

24 (2) court ordered restitution under AS 12.55.045 - 12.55.051,
25 12.55.100, or AS 47.12.120(b)(4);

26 (3) claims on defaulted education loans under AS 43.23.067;

27 (4) court ordered fines;

28 (5) writs of execution under AS 09.35 of a judgment that is entered

29 (A) against a minor in a civil action to recover damages and
30 court costs;

31 (B) under AS 34.50.020 against the parent, parents, or legal

1 guardian of an unemancipated minor;

2 (6) a debt owed by an eligible individual to an agency of the state,
3 including the University of Alaska, unless the debt is contested and an appeal is
4 pending or the time limit for filing an appeal has not expired;

5 (7) a debt owed to a person for a program for the rehabilitation of
6 perpetrators of domestic violence required under AS 12.55.101, AS 18.66.100(c)(15),
7 AS 25.20.061(3), or AS 33.16.150(f)(2);

8 **(8) an unpaid toll or fee under AS 19.75.915(b).**

9 * Sec. 13. This Act takes effect immediately under AS 01.10.070(c).

Vice Chair:
House Finance Committee

Chair:
House Finance Subcommittees for
Department of Public Safety
Department of Law



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BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

House Bill 471 Sectional Analysis

- Sec. 1 Clarifies that chapter AS 19.75 is the exclusive source of the powers and authority of the Knik Arm Bridge and Toll Authority. This eliminates potential confusion regarding the applicability of the general tolling statutes in AS 37.15 and other similar statutes. It also makes explicit the authority to refund bonds, enter into public-private partnerships and other financing arrangements with both public and private entities for the construction, maintenance and operation of the toll bridge, to exclusively fix tolls for use of the bridge, to acquire real estate and to collect its tolls.
- Sec. 2 Specifies that assets, funds and revenue of the Knik Arm Bridge and Toll Authority shall be held and accounted for separate from other assets, funds and revenue of the State.
- Sec. 3 Clarifies that the Knik Arm Bridge and Toll Authority may refund as well as issue non-recourse revenue bonds, may secure the repayment of the bonds with any revenue it receives, and establishes the maximum amount of revenue bonds it may issue.
- Sec. 4 Adopts relevant sections of the existing, general statute in AS 37.15 governing toll facilities and toll revenue bonds to precisely define the authorities and mechanisms that apply to revenue bonds issued by the Knik Arm Bridge and Toll Authority distinct from other toll facilities.
- Sec. 5 Provides the Knik Arm Bridge and Toll Authority with the general power to establish funds and reserves for the issuance of its revenue bonds and the conduct of its authorized business and specifies that interest revenue from such funds and reserves shall belong to the Knik Arm Bridge and Toll Authority.

DISTRICT 16

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KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

- Sec. 6 Adds the requirement of certain notations on Knik Arm Bridge and Toll Authority bond documents to underscore that their bonds are non-recourse bonds and that the State is not otherwise liable for their repayment.
- Sec. 7 Establishes methods means by which the Knik Arm Bridge and Toll Authority may collect its tolls, that the owner of a vehicle using the facility is liable for payment of the tolls, that tolls may become a lien on Permanent Fund dividends, and that unpaid tolls may, subject to agreement of the Commissioner of the Department of Administration, be cause for the denial of driver and vehicle registration and licenses.
- Sec. 8 Establishes that liberal interpretation shall be given AS 19.75 to carry out the purposes of the chapter.
- Sec. 9 Amends and makes applicable relevant statutory definitions.
- Sec. 10 Provides for an immediate effective date.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

HB

491

Alaska Railroad Corporation

Legislative Request for Bonding Approval

Presented by

Pat Gamble, President / CEO

Bill O'Leary, VP Finance / CFO





Request Legislative Approval

ARRC desires to issue one or more series of capital grant receipts revenue bonds or notes, in aggregate not to exceed \$165 million



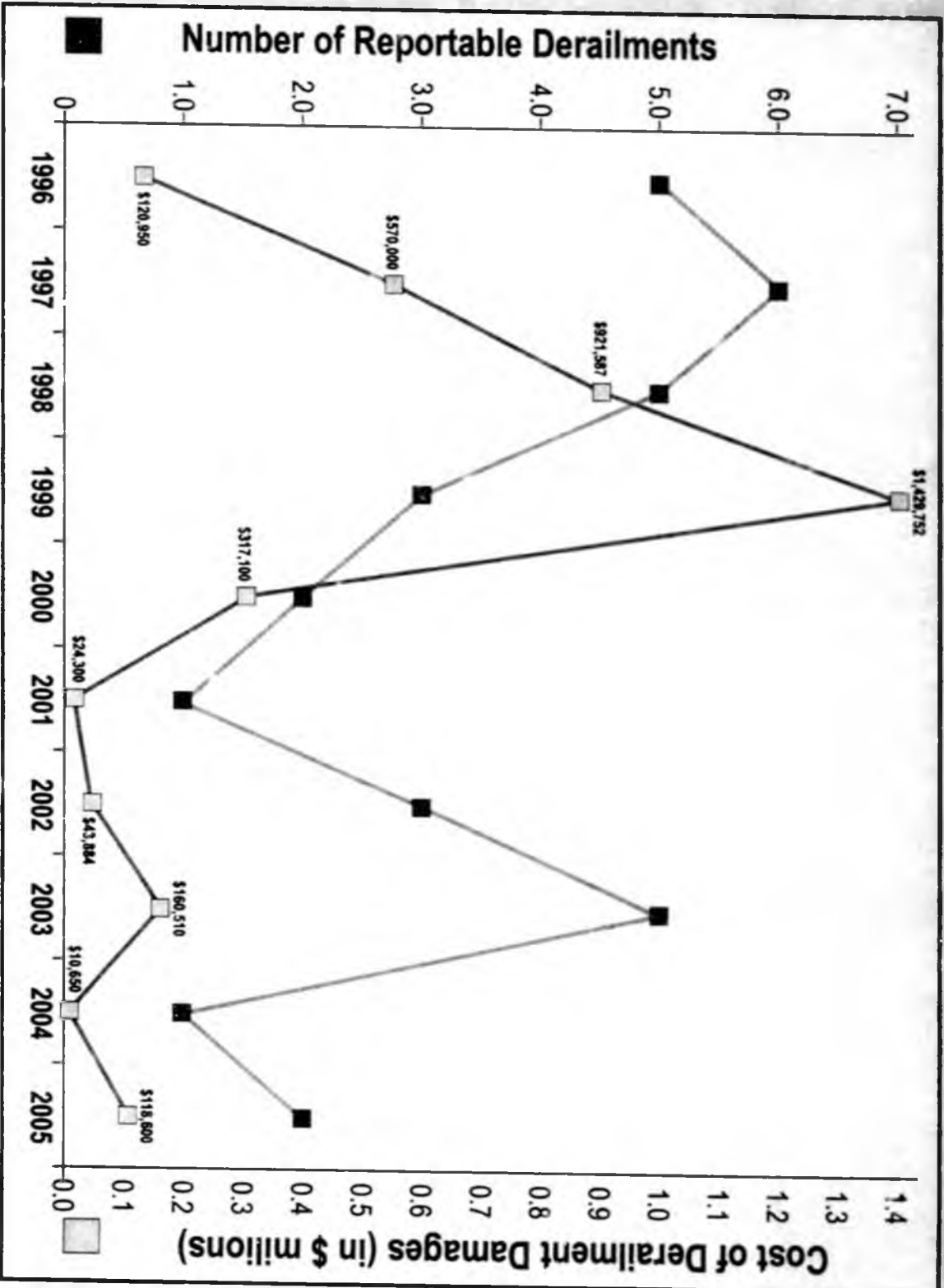
WHAT?

Rehabilitate Mainline Substandard or Potentially Unsafe Track

- Single most important purpose for the use of federal funds
- Top capital investment effort and #1 priority since 1996... \$220 million already invested



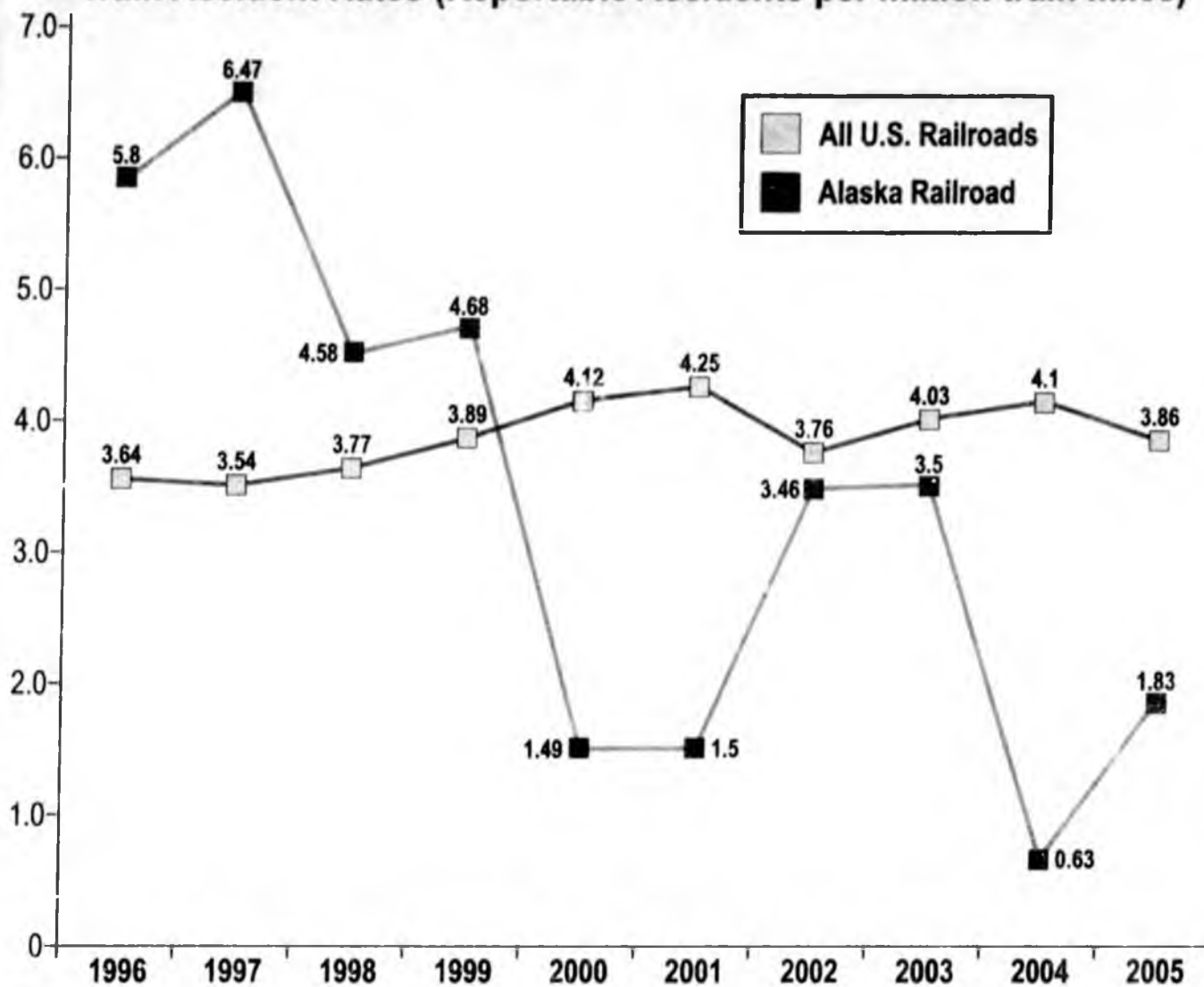
Derailments, 1996 - 2005





Train Accident Rate

Train Accident Rates (Reportable Accidents per million train miles)





Project Information

- 100% CWR from Anchorage to Fairbanks (355 miles)
- 85,000 concrete ties on curves less than 6 degrees (32 miles)
- Wooden ties all upgraded to 35-year cycle
- All ballast reset
- Complimented by ARRC Bridge Program... \$30 million
- Complimented by ARRC Collision Avoidance Program... \$13 million



WHY?

- Consistent with #1 priority
- Faster “take” of safety benefits and risk reduction of non-human factors
- Continued mitigation effort
 - More than 600 passenger trains per year
 - 800 million gal. refined product/hazardous materials (30,000 carloads)
 - 60% = hazardous cargo proportion
- Builds clarity and budget discipline into capital program
 - Debt service schedule drives yearly capital apportionment
- Accelerates eventual outcome by as much as 10 years



Why Now?

- SAFETEA-LU makes it possible
- Formula Funds increased 6-fold
- No undue risk to railroad or state
- Consistent with corporate priority
- Materials costs escalating annually
- Growing passenger train demand requires nothing less
- Desire to get pre-pipeline work done ASAP
- No impact to previous capital plan